

## **INTRODUCTION**

The Ingham County Prosecuting Attorney (PA) had a contract with the Michigan Family Independence Agency (FIA) to establish paternity and to obtain support orders for all cases where the Ingham County PA had jurisdiction. Ingham County PA billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Ingham County for their costs based on the Federal IV-D Program regulations.

## **SCOPE**

We performed an audit of the costs submitted for reimbursement by the Ingham County PA for the period January 1 through December 31, 1996. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

## **EXECUTIVE SUMMARY**

We found that the Ingham County PA overbilled FIA for some line items. The State share of the net amount overbilled was \$3,624 (See Schedule A)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$3,624 from the Ingham County PA.

## **PA RESPONSE**

The Ingham County PA indicated that they are in agreement with this report.

## **FINDINGS**

### **Retirement Costs Incorrectly Billed**

1. The Ingham County PA overbilled FIA \$2,799 for retirement costs. The percentage used to calculate the retirement costs was .7%, over the percentage required by the county's actuary. (See Schedule A.)

### **Health Insurance BC/BS Refund**

2. The Ingham County PA overbilled FIA \$968 for health care costs. Blue Cross refunded the County a settlement amount which was not offset against the claims. (See Schedule A.)

### **Central Service Cost Overbilled**

3. The Ingham County PA overbilled FIA \$1,065 for Central Services costs because it used the incorrect IVD rate to prepare the billing report. Ingham County did not use the actual monthly percentage.

### **Data Processing Equipment Physical Count**

4. The Ingham County PA did not take a physical inventory of its data processing equipment and reconcile to its inventory listing by tag number, as required by OMB Circular No. A-87.

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$3,624 from the Ingham County PA.

WE ALSO RECOMMEND the Family Independence Services Administration inform the Ingham County PA of the requirement to perform a physical inventory and reconciliation of its data processing equipment.

Finding #	Line Item	Year		(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	Due (State) County
1	Personnel						
2	Personnel						
3	Personnel	1996		\$ (2,799)	100.00%	\$ (2,799)	
4	Personnel						
5	Personnel	1996		\$ (968)	100.00%	\$ (968)	
6	Indirect Cost	1996		\$ (1,065)	100.00%	\$ (1,065)	
<b>Grand Total of the IV-D Audit Adjustments</b>						\$ (4,832)	
<b>Calculation of the Payment Due the (State) County</b>							
					Paternity	Total	
					Testing		
Audited IV-D Amount				\$ 591,352		\$ 591,352	
IV-D Amount Used for the Payments Actually Made				\$ (596,184)		\$ (596,184)	
IV-D Audit Adjustment Due (State) County				\$ (4,832)	\$ -	\$ (4,832)	
State Share %				75.00%			
State share ( Amount due )				\$ (3,624)	\$ -		\$ (3,624)